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SENSITIVE

SIPDIS

STATE FOR EAP/TC, PM/DTCC AND ISN/MTR

PM/DTCC FOR BLUE LANTERN COORDINATOR RACHAEL-THERESE S. JOUBERT-LIN

E.O. 12958: N/A

TAGS: [ETTC](#) [KOMC](#) [TW](#)

SUBJECT: TAIWAN: RESULTS OF BLUE LANTERN LEVEL 3: PRE-LICENSE
END-USE CHECK ON APPLICATIONS 050197967 AND 050198220

REF: STATE 117765

¶1. (SBU) Summary: Per reftel request, AIT/T contacted the end user, the Chung Shan Institute of Science and Technology (CSIST)--the research and development arm of the Taiwan Ministry of National Defense Armaments Bureau--and visited the consignee, Carbon-Based Technology Incorporated (CBT). We confirmed the orders with both end-user and consignee, and assess the consignee to be bona fide. End summary.

CSIST

¶2. (SBU) On November 25, Mr. Liao Wei-yao of the CSIST Procurement Office confirmed the order for reftel equipment from CBT listed on application 050197967. The procurement contract number is XC98Q20P. Mr. Liao stated the purpose of this equipment as "spare parts for Chung-Shyang II UAV ground control station with less 200 KM maximum range; Chung-Shyang II UVA has a 25 KM EO payload, is for surveillance, coastal patrol, and typhoon damage investigations."

¶3. (SBU) On the same day, for application 050198220, Mr. Chen Wei-ho of the CSIST Procurement Office confirmed the order for reftel transmitter. According to Chen, CSIST bought the transmitter from CBT in 2008, and because the transmitter was still under the warranty when it broke down, CSIST has requested that CBT send the machine back to the manufacturer for repairs. [Note: the end user for the transmitter should be Mr. Chang Wen-tzung, Chief of Aerodynamics Section at CSIST's Aeronautical Systems Research Division, not the end user listed in reftel, Mr. Lian Yuan-hwang. End note.]

Carbon-Based Technology Incorporated

¶4. (SBU) On November 18, AIT/T econoff visited CBT and talked with company President Mr. Wen-long "Clement" Chung and General Manager David Lin. In 2007, Chung and Lin both left the Aerospace Industrial Development Corporation (AIDC)--a state-owned aerospace enterprise that falls under the authority of the Ministry of Economic Affairs--to found CBT with five other former AIDC engineers. The company now has 40 employees, all in Taichung.

¶5. (SBU) According to Chung, CSIST has been the company's main customer since 2007, although CBT has some civil aviation and other non-military customers. All of the company's clients are in Taiwan. Chung and Lin said they are familiar with restrictions on USML items.

¶6. (SBU) CBT's offices are locked and alarmed after business hours. CBT does not usually keep items in its offices, however, and will likely deliver reftel items directly to CSIST.

STANTON